



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

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Salt Lake City, UT 84145-0155

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IN REPLY PLEASE REFER TO:

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SL-062648

UTU-68082

(UT-923)

AUG 20 2007

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Mr. David Hibbs  
Manager of Engineering  
UtahAmerican Energy, Inc.  
P. O. Box 1077  
Price, Utah 84501

*Leving*  
*c/o 15/0032*

RECEIVED

AUG 21 2007

DIV. OF OIL, GAS & MINING

Re: Minor Modification, Resource Recovery and Protection Plan (R2P2), Cessation of Pillar Recovery from the Main West North Barrier Pillar Area, Crandall Canyon Mine

Dear Mr. Hibbs:

**Background:** The Bureau of Land Management (BLM) has received a request from UtahAmerican Energy, Inc. (UtahAmerican) to modify the subject R2P2. The proposed modification requests the cessation of pillar recovery in the North Barrier pillar in the Main West area of the Crandall Canyon Mine. The North Barrier pillar and part of the South Barrier pillar are located on Federal coal lease UTU-68082.

**Affected Leases:** The following Federal coal lease is affected by this action: UTU-68082.

**Proposal:** UtahAmerican proposes the discontinuance of retreat pillar extraction in the Main West North Barrier pillar at crosscut 134 and the sealing of the section at crosscut 118. UtahAmerican reports adverse ground conditions with damaging bounces as justification for leaving the rest of the pillars. After sealing the North Barrier section, mining of the South Barrier will proceed.

**Review of Past Mining Activities:** The Main West entries were mined years ago under a previous mine owner (Genwal Resources) to access the western portion of the property up to the west lease boundary which coincides with the Joe's Valley Fault. Longwall mining blocks were established on both sides of the mains with 450 foot

barrier pillars to protect the long term use of the mains. Longwall mining proceeded from 1997 through 2003, with the West Mains providing access to the back end of the panels and bleeder return air courses. In 2004, Genwal requested and received approval to seal the Main West entries back at crosscut 118. The pillars in Main West were showing major abutment loading which was causing pillar and roof deterioration along with damage to ventilation structures. Any final pillar recovery in main entries was addressed in the R2P2 with a general statement calling for the mining of coal in the remaining pillars if both economic and mining conditions warranted. Entries were driven into the barrier pillar, and second mining of barrier pillar coal commenced in February 2007.

**Inspection:** The BLM was notified of the adverse conditions, and conditions were then verified on March 15, 2007. BLM provided verbal plan modification approval on March 15, 2007 and this letter documents that approval.

**Approval:** UtahAmerican was verbally authorized to cease mining in the North Barrier of Main West and to seal off the section at crosscut 118. The mining of Federal coal (one entry) of the South Barrier of Main West was also authorized. This written approval confirms verbal approval given previously. An approved mine map is included as Enclosure 1.

In summary, the BLM agrees with UtahAmerican's position to discontinue pillar extraction in the Main West North Barrier. Excessive pillar loading at this depth of mining (approximately 2000 ft) has resulted in several bounces, leaving an unsafe area with no chance of continuing safe pillar extraction. Further attempts at pillar recovery outby the bounce area cannot be safely attempted. There is no assurance that the loading conditions will improve. The costs of mandatory repairs and rehabilitation of the area would make any further coal recovery uneconomic.

**Recommendations:** With regards to the plan for the south barrier, only one entry of the planned four entries is on Federal lease UTU-68082 with the rest of the entries on State lease ML-21568. The BLM recommends you contact the State Institutional Trust Lands Administration (SITLA) to inform them of this action on the State lease.

**Maximum Economic Recovery (MER):** This R2P2 modification will enable the Maximum Economic Recovery (MER) of the Federal coal. MER includes safety considerations as the primary requirement.

**Recoverable Reserve Base:** Recoverable coal tonnage in the mains pillars and barrier pillars was never included in the recoverable reserve base for the lease. This R2P2 modification will impact the existing recoverable coal reserve base for both the LMU and the Federal coal lease. UtahAmerican is required to provide an updated recoverable coal base tonnage within 30 days of the date of this letter. The recoverable coal reserve base will be updated to reflect the past and projected production from mains pillars and barrier pillars.

We have noted that the existing (as-mined) development in the south barrier pillar differs from the plan as submitted and approved previously by BLM (approval documented by this letter).

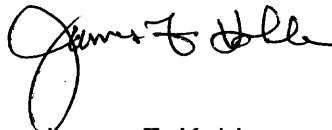
UtahAmerican is required, within 30 days of the date of this letter, to provide a mine plan reflecting all actual mining development and extraction since the date of the BLM approval provided on March 15, 2007. This mine plan is to include the approved MSHA roof control and ventilation plans and all geotechnical and other mining assessments of the mining plan including those internal to UtahAmerican and all third parties.

**National Environmental Policy Act (NEPA):** This approval of a minor modification to an approved R2P2 of an existing underground coal mine is Categorically Excluded from NEPA analysis, as explained in the Department Manual (5 DM Part 516 11.5 (F) (8)).

UtahAmerican's approved modification to the R2P2 complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, and the lease terms and conditions.

If you have any questions, please contact Stephen Falk in Price at (435) 636-3605 or Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,

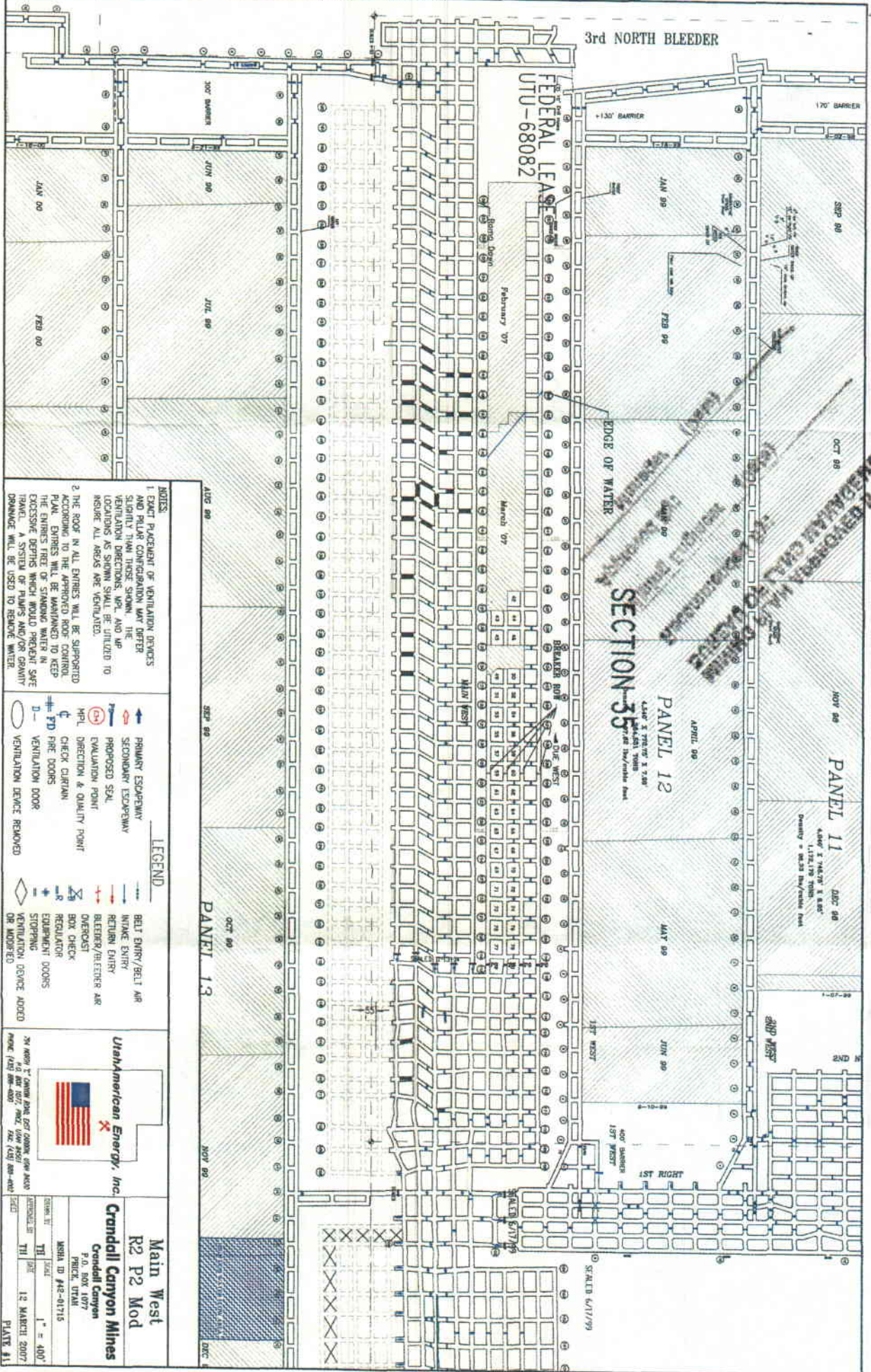


James F. Kohler  
Chief, Solid Minerals Group

Enclosure: Approved Mine Map

cc: Price Field Office, Utah (UT-070) (w/ Enclosures 1 & 2)  
Dave Shaver (w/ Enclosures 1 & 2)  
Land Manager/Geologist  
Utah American Energy, Inc.  
P. O. Box 1077  
Price, Utah 84501  
Utah Division of Oil Gas and Mining (w/ Enclosure 1)  
1594 West North Temple, Suite 1210  
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